

BENESCH

## TIF Basics




Chris L. Connelly  
Ohio House State and Local Government  
Committee  
March 28, 2017

 Benesch  
Attorneys at Law

## Tax Increment Financing

- Tax Increment Financing (“TIF”)
  - May be established by cities, counties or townships
  - TIF is not a true tax exemption
  - It is a diversion of real property tax revenues for increases in assessed value of real property into a special fund

2

 Benesch  
Attorneys at Law

## Tax Increment Financing

- Scope of TIF exemptions
  - Without school district approval – 10 years, 75%
  - With school district approval – up to 30 years, 100%
  - “Non-School” option for municipalities

3

The logo for Benesch, Attorneys at Law, featuring a stylized 'B' icon to the left of the text 'Benesch' and 'Attorneys at Law' below it.

## Tax Increment Financing

- TIF “Service Payments”
  - Paid at the same time and in the same manner as real property taxes
  - Have the same statutory lien as real property taxes
  - Only difference – what happens after they’re paid

4

The logo for Benesch, Attorneys at Law, featuring a stylized 'B' icon to the left of the text 'Benesch' and 'Attorneys at Law' below it.

## Tax Increment Financing

- TIF revenues must generally be used for “public infrastructure improvements”
  - Roads, sewers, public utilities etc.
  - Telecom
  - Land acquisition
  - Demolition
- One major exception – R.C. Section 5709.41

5

The logo for Benesch, Attorneys at Law, featuring a stylized 'B' icon to the left of the text 'Benesch' and 'Attorneys at Law' below it.

## Tax Increment Financing

- Typical uses for TIF funds
  - Reimbursement of public or private entities over time
  - Debt service for bonds or notes issued by public entities

6

The logo for Benesch, Attorneys at Law, featuring a stylized 'B' icon to the left of the text 'Benesch' and 'Attorneys at Law' below it.

## Tax Increment Financing

- Basic types of municipal TIFs
  - 5709.40(B) – Project/Commercial TIFs – ability to include residential improvements very limited
  - 5709.40(C) – Incentive District TIFs – used for residential projects; many “hoops” to jump through
  - 5709.41 – Urban Redevelopment TIFs – city must be in chain of title; very flexible use of TIF revenues

7

 Benesch  
Attorneys at Law

## Existing Levy Carve-Outs

- 5709.40(F)
  - Laundry list of levies that are not exempted by TIFs (i.e., held harmless)
  - Only applies to new levies and renewal/replacement with an increase authorized on or after January 1, 2006

8

 Benesch  
Attorneys at Law

## Existing Levy Carve-Outs

- 5709.40(F)
  - Community developmental programs and services
  - Senior citizens services or facilities
  - County hospitals
  - Alcohol, drug addiction and mental health services or facilities
  - Libraries

9

 **Benesch**  
Attorneys at Law

## Existing Levy Carve-Outs

- 5709.40(F)
  - Children services
  - Zoo park services or facilities
  - Township park districts
  - Parks and recreation
  - Park districts
  - Hospital levies
  - General health districts

10

 **Benesch**  
Attorneys at Law



Questions?

Chris L. Connelly  
(614) 223-9317  
cconnelly@beneschlaw.com

11

BENESCH